

FIRST REGULAR SESSION

SENATE BILL NO. 116

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR GRIESHEIMER.

Pre-filed December 1, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

0528S.011

AN ACT

To repeal section 169.070, RSMo, and to enact in lieu thereof one new section relating to the teacher retirement system.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 169.070, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 169.070, to read as follows:

169.070. 1. The retirement allowance of a member whose age at
2 retirement is sixty years or more and whose creditable service is five years or
3 more, or whose sum of age and creditable service equals eighty years or more, or
4 who has attained age fifty-five and whose creditable service is twenty-five years
5 or more or whose creditable service is thirty years or more regardless of age, may
6 be the sum of the following items, not to exceed one hundred percent of the
7 member's final average salary:

8 (1) Two and five-tenths percent of the member's final average salary for
9 each year of membership service;

10 (2) Six-tenths of the amount payable for a year of membership service for
11 each year of prior service not exceeding thirty years.

12 In lieu of the retirement allowance otherwise provided in subdivisions (1) and (2)
13 of this subsection, a member may elect to receive a retirement allowance of:

14 (3) Between July 1, 1998, and July 1, 2008, two and four-tenths percent
15 of the member's final average salary for each year of membership service, if the
16 member's creditable service is twenty-nine years or more but less than thirty
17 years, and the member has not attained age fifty-five;

18 (4) Between July 1, 1998, and July 1, 2008, two and
19 thirty-five-hundredths percent of the member's final average salary for each year

20 of membership service, if the member's creditable service is twenty-eight years
21 or more but less than twenty-nine years, and the member has not attained age
22 fifty-five;

23 (5) Between July 1, 1998, and July 1, 2008, two and three-tenths percent
24 of the member's final average salary for each year of membership service, if the
25 member's creditable service is twenty-seven years or more but less than
26 twenty-eight years, and the member has not attained age fifty-five;

27 (6) Between July 1, 1998, and July 1, 2008, two and
28 twenty-five-hundredths percent of the member's final average salary for each year
29 of membership service, if the member's creditable service is twenty-six years or
30 more but less than twenty-seven years, and the member has not attained age
31 fifty-five;

32 (7) Between July 1, 1998, and July 1, 2008, two and two-tenths percent
33 of the member's final average salary for each year of membership service, if the
34 member's creditable service is twenty-five years or more but less than twenty-six
35 years, and the member has not attained age fifty-five;

36 (8) Between July 1, 2001, and July 1, 2008, two and fifty-five hundredths
37 percent of the member's final average salary for each year of membership service,
38 if the member's creditable service is thirty-one years or more regardless of age.

39 2. In lieu of the retirement allowance provided in subsection 1 of this
40 section, a member whose age is sixty years or more on September 28, 1975, may
41 elect to have the member's retirement allowance calculated as a sum of the
42 following items:

43 (1) Sixty cents plus one and five-tenths percent of the member's final
44 average salary for each year of membership service;

45 (2) Six-tenths of the amount payable for a year of membership service for
46 each year of prior service not exceeding thirty years;

47 (3) Three-fourths of one percent of the sum of subdivisions (1) and (2) of
48 this subsection for each month of attained age in excess of sixty years but not in
49 excess of age sixty-five.

50 3. (1) In lieu of the retirement allowance provided either in subsection 1
51 or 2 of this section, collectively called "option 1", a member whose creditable
52 service is twenty-five years or more or who has attained the age of fifty-five with
53 five or more years of creditable service may elect in the member's application for
54 retirement to receive the actuarial equivalent of the member's retirement
55 allowance in reduced monthly payments for life during retirement with the

92 contributions, the difference shall be paid to the beneficiary in a lump sum;

93

OR

94 Option 6. Upon the death of the member prior to the member having
95 received sixty monthly payments of the member's reduced allowance, the
96 remainder of the sixty monthly payments of the reduced allowance shall be paid
97 to such beneficiary as the member shall have nominated in the member's election
98 of the option or in a subsequent nomination. If there is no beneficiary so
99 nominated who survives the member for the remainder of the sixty monthly
100 payments, the total of the remainder of such sixty monthly payments shall be
101 paid to the estate of the last person to receive a monthly allowance. If the total
102 of the sixty payments paid to the retired individual and the beneficiary of the
103 retired individual is less than the total of the member's accumulated
104 contributions, the difference shall be paid to the beneficiary in a lump sum.

105 (2) The election of an option may be made only in the application for
106 retirement and such application must be filed prior to the date on which the
107 retirement of the member is to be effective. If either the member or the person
108 nominated to receive the survivorship payments dies before the effective date of
109 retirement, the option shall not be effective, provided that:

110 (a) If the member or a person retired on disability retirement dies after
111 acquiring twenty-five or more years of creditable service or after attaining the age
112 of fifty-five years and acquiring five or more years of creditable service and before
113 retirement, except retirement with disability benefits, and the person named by
114 the member as the member's beneficiary has an insurable interest in the life of
115 the deceased member, the designated beneficiary may elect to receive either
116 survivorship benefits under option 2 or a payment of the accumulated
117 contributions of the member. If survivorship benefits under option 2 are elected
118 and the member at the time of death would have been eligible to receive an
119 actuarial equivalent of the member's retirement allowance, the designated
120 beneficiary may further elect to defer the option 2 payments until the date the
121 member would have been eligible to receive the retirement allowance provided in
122 subsection 1 or 2 of this section;

123 (b) If the member or a person retired on disability retirement dies before
124 attaining age fifty-five but after acquiring five but fewer than twenty-five years
125 of creditable service, and the person named as the member's beneficiary has an
126 insurable interest in the life of the deceased member, the designated beneficiary
127 may elect to receive either a payment of the member's accumulated contributions,

128 or survivorship benefits under option 2 to begin on the date the member would
129 first have been eligible to receive an actuarial equivalent of the member's
130 retirement allowance, or to begin on the date the member would first have been
131 eligible to receive the retirement allowance provided in subsection 1 or 2 of this
132 section.

133 4. If the total of the retirement or disability allowance paid to an
134 individual before the death of the individual is less than the accumulated
135 contributions at the time of retirement, the difference shall be paid to the
136 beneficiary of the individual, or to the (1) surviving spouse, (2) surviving children
137 in equal shares, (3) surviving parents in equal shares, or (4) estate of the
138 individual in that order of precedence. If an optional benefit as provided in
139 option 2, 3 or 4 in subsection 3 of this section had been elected, and the
140 beneficiary dies after receiving the optional benefit, and if the total retirement
141 allowance paid to the retired individual and the beneficiary of the retired
142 individual is less than the total of the contributions, the difference shall be paid
143 to the (1) surviving spouse, (2) surviving children in equal shares, (3) surviving
144 parents in equal shares, or (4) estate of the beneficiary, in that order of
145 precedence, unless the retired individual designates a different recipient with the
146 board at or after retirement.

147 5. If a member dies before receiving a retirement allowance, the member's
148 accumulated contributions at the time of the death of the member shall be paid
149 to the beneficiary of the member or, if there is no beneficiary, to the (1) surviving
150 spouse, (2) surviving children in equal shares, (3) surviving parents in equal
151 shares, or (4) to the estate of the member in that order of precedence; except that,
152 no such payment shall be made if the beneficiary elects option 2 in subsection 3
153 of this section, unless the beneficiary dies before having received benefits
154 pursuant to that subsection equal to the accumulated contributions of the
155 member, in which case the amount of accumulated contributions in excess of the
156 total benefits paid pursuant to that subsection shall be paid to the (1) surviving
157 spouse, (2) surviving children in equal shares, (3) surviving parents in equal
158 shares, or (4) estate of the beneficiary, in that order of precedence.

159 6. If a member ceases to be a public school employee as herein defined
160 and certifies to the board of trustees that such cessation is permanent, or if the
161 membership of the person is otherwise terminated, the member shall be paid the
162 member's accumulated contributions with interest.

163 7. Notwithstanding any provisions of sections 169.010 to 169.141 to the

164 contrary, if a member ceases to be a public school employee after acquiring five
165 or more years of membership service in Missouri, the member may at the option
166 of the member leave the member's contributions with the retirement system and
167 claim a retirement allowance any time after reaching the minimum age for
168 voluntary retirement. When the member's claim is presented to the board, the
169 member shall be granted an allowance as provided in sections 169.010 to 169.141
170 on the basis of the member's age, years of service, and the provisions of the law
171 in effect at the time the member requests the member's retirement to become
172 effective.

173 8. The retirement allowance of a member retired because of disability
174 shall be nine-tenths of the allowance to which the member's creditable service
175 would entitle the member if the member's age were sixty, or fifty percent of
176 one-twelfth of the annual salary rate used in determining the member's
177 contributions during the last school year for which the member received a year
178 of creditable service immediately prior to the member's disability, whichever is
179 greater, except that no such allowance shall exceed the retirement allowance to
180 which the member would have been entitled upon retirement at age sixty if the
181 member had continued to teach from the date of disability until age sixty at the
182 same salary rate.

183 9. Notwithstanding any provisions of sections 169.010 to 169.141 to the
184 contrary, from October 13, 1961, the contribution rate pursuant to sections
185 169.010 to 169.141 shall be multiplied by the factor of two-thirds for any member
186 of the system for whom federal Old Age and Survivors Insurance tax is paid from
187 state or local tax funds on account of the member's employment entitling the
188 person to membership in the system. The monetary benefits for a member who
189 elected not to exercise an option to pay into the system a retroactive contribution
190 of four percent on that part of the member's annual salary rate which was in
191 excess of four thousand eight hundred dollars but not in excess of eight thousand
192 four hundred dollars for each year of employment in a position covered by this
193 system between July 1, 1957, and July 1, 1961, as provided in subsection 10 of
194 this section as it appears in RSMo, 1969, shall be the sum of:

195 (1) For years of service prior to July 1, 1946, six-tenths of the full amount
196 payable for years of membership service;

197 (2) For years of membership service after July 1, 1946, in which the full
198 contribution rate was paid, full benefits under the formula in effect at the time
199 of the member's retirement;

200 (3) For years of membership service after July 1, 1957, and prior to July
201 1, 1961, the benefits provided in this section as it appears in RSMo, 1959; except
202 that if the member has at least thirty years of creditable service at retirement the
203 member shall receive the benefit payable pursuant to that section as though the
204 member's age were sixty-five at retirement;

205 (4) For years of membership service after July 1, 1961, in which the
206 two-thirds contribution rate was paid, two-thirds of the benefits under the
207 formula in effect at the time of the member's retirement.

208 10. The monetary benefits for each other member for whom federal Old
209 Age and Survivors Insurance tax is or was paid at any time from state or local
210 funds on account of the member's employment entitling the member to
211 membership in the system shall be the sum of:

212 (1) For years of service prior to July 1, 1946, six-tenths of the full amount
213 payable for years of membership service;

214 (2) For years of membership service after July 1, 1946, in which the full
215 contribution rate was paid, full benefits under the formula in effect at the time
216 of the member's retirement;

217 (3) For years of membership service after July 1, 1957, in which the
218 two-thirds contribution rate was paid, two-thirds of the benefits under the
219 formula in effect at the time of the member's retirement.

220 11. Any retired member of the system who was retired prior to September
221 1, 1972, or beneficiary receiving payments under option 1 or option 2 of
222 subsection 3 of this section, as such option existed prior to September 1, 1972,
223 will be eligible to receive an increase in the retirement allowance of the member
224 of two percent for each year, or major fraction of more than one-half of a year,
225 which the retired member has been retired prior to July 1, 1975. This increased
226 amount shall be payable commencing with January, 1976, and shall thereafter
227 be referred to as the member's retirement allowance. The increase provided for
228 in this subsection shall not affect the retired member's eligibility for
229 compensation provided for in section 169.580 or 169.585, nor shall the amount
230 being paid pursuant to these sections be reduced because of any increases
231 provided for in this section.

232 12. If the board of trustees determines that the cost of living, as measured
233 by generally accepted standards, increases two percent or more in the preceding
234 fiscal year, the board shall increase the retirement allowances which the retired
235 members or beneficiaries are receiving by two percent of the amount being

236 received by the retired member or the beneficiary at the time the annual increase
237 is granted by the board with the provision that the increases provided for in this
238 subsection shall not become effective until the fourth January first following the
239 member's retirement or January 1, 1977, whichever later occurs, or in the case
240 of any member retiring on or after July 1, 2000, the increase provided for in this
241 subsection shall not become effective until the third January first following the
242 member's retirement, or in the case of any member retiring on or after July 1,
243 2001, the increase provided for in this subsection shall not become effective until
244 the second January first following the member's retirement. Commencing with
245 January 1, 1992, if the board of trustees determines that the cost of living has
246 increased five percent or more in the preceding fiscal year, the board shall
247 increase the retirement allowances by five percent. The total of the increases
248 granted to a retired member or the beneficiary after December 31, 1976, may not
249 exceed eighty percent of the retirement allowance established at retirement or as
250 previously adjusted by other subsections. If the cost of living increases less than
251 five percent, the board of trustees may determine the percentage of increase to
252 be made in retirement allowances, but at no time can the increase exceed five
253 percent per year. If the cost of living decreases in a fiscal year, there will be no
254 increase in allowances for retired members on the following January first.

255 13. The board of trustees may reduce the amounts which have been
256 granted as increases to a member pursuant to subsection 12 of this section if the
257 cost of living, as determined by the board and as measured by generally accepted
258 standards, is less than the cost of living was at the time of the first increase
259 granted to the member; except that, the reductions shall not exceed the amount
260 of increases which have been made to the member's allowance after December 31,
261 1976.

262 14. Any application for retirement shall include a sworn statement by the
263 member certifying that the spouse of the member at the time the application was
264 completed was aware of the application and the plan of retirement elected in the
265 application.

266 15. Notwithstanding any other provision of law, any person retired prior
267 to September 28, 1983, who is receiving a reduced retirement allowance under
268 option 1 or option 2 of subsection 3 of this section, as such option existed prior to
269 September 28, 1983, and whose beneficiary nominated to receive continued
270 retirement allowance payments under the elected option dies or has died, shall
271 upon application to the board of trustees have his or her retirement allowance

272 increased to the amount he or she would have been receiving had the option not
273 been elected, actuarially adjusted to recognize any excessive benefits which would
274 have been paid to him or her up to the time of application.

275 16. Benefits paid pursuant to the provisions of the public school
276 retirement system of Missouri shall not exceed the limitations of Section 415 of
277 Title 26 of the United States Code except as provided pursuant to this
278 subsection. Notwithstanding any other law to the contrary, the board of trustees
279 may establish a benefit plan pursuant to Section 415(m) of Title 26 of the United
280 States Code. Such plan shall be created solely for the purpose described in
281 Section 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees
282 may promulgate regulations necessary to implement the provisions of this
283 subsection and to create and administer such benefit plan.

284 17. Notwithstanding any other provision of law to the contrary, any
285 person retired before, on, or after May 26, 1994, shall be made, constituted,
286 appointed and employed by the board as a special consultant on the matters of
287 education, retirement and aging, and upon request shall give written or oral
288 opinions to the board in response to such requests. As compensation for such
289 duties the person shall receive an amount based on the person's years of service
290 so that the total amount received pursuant to sections 169.010 to 169.141 shall
291 be at least the minimum amounts specified in subdivisions (1) to (4) of this
292 subsection. In determining the minimum amount to be received, the amounts in
293 subdivisions (3) and (4) of this subsection shall be adjusted in accordance with the
294 actuarial adjustment, if any, that was applied to the person's retirement
295 allowance. In determining the minimum amount to be received, beginning
296 September 1, 1996, the amounts in subdivisions (1) and (2) of this subsection
297 shall be adjusted in accordance with the actuarial adjustment, if any, that was
298 applied to the person's retirement allowance due to election of an optional form
299 of retirement having a continued monthly payment after the person's
300 death. Notwithstanding any other provision of law to the contrary, no person
301 retired before, on, or after May 26, 1994, and no beneficiary of such a person,
302 shall receive a retirement benefit pursuant to sections 169.010 to 169.141 based
303 on the person's years of service less than the following amounts:

- 304 (1) Thirty or more years of service, one thousand two hundred dollars;
305 (2) At least twenty-five years but less than thirty years, one thousand
306 dollars;
307 (3) At least twenty years but less than twenty-five years, eight hundred

308 dollars;

309 (4) At least fifteen years but less than twenty years, six hundred dollars.

310 18. Notwithstanding any other provisions of law to the contrary, any
311 person retired prior to May 26, 1994, and any designated beneficiary of such a
312 retired member who was deceased prior to July 1, 1999, shall be made,
313 constituted, appointed and employed by the board as a special consultant on the
314 matters of education, retirement or aging and upon request shall give written or
315 oral opinions to the board in response to such requests. Beginning September 1,
316 1996, as compensation for such service, the member shall have added, pursuant
317 to this subsection, to the member's monthly annuity as provided by this section
318 a dollar amount equal to the lesser of sixty dollars or the product of two dollars
319 multiplied by the member's number of years of creditable service. Beginning
320 September 1, 1999, the designated beneficiary of the deceased member shall as
321 compensation for such service have added, pursuant to this subsection, to the
322 monthly annuity as provided by this section a dollar amount equal to the lesser
323 of sixty dollars or the product of two dollars multiplied by the member's number
324 of years of creditable service. The total compensation provided by this section
325 including the compensation provided by this subsection shall be used in
326 calculating any future cost-of-living adjustments provided by subsection 12 of this
327 section.

328 19. Any member who has retired prior to July 1, 1998, and the designated
329 beneficiary of a deceased retired member shall be made, constituted, appointed
330 and employed by the board as a special consultant on the matters of education,
331 retirement and aging, and upon request shall give written or oral opinions to the
332 board in response to such requests. As compensation for such duties the person
333 shall receive a payment equivalent to eight and seven-tenths percent of the
334 previous month's benefit, which shall be added to the member's or beneficiary's
335 monthly annuity and which shall not be subject to the provisions of subsections
336 12 and 13 of this section for the purposes of the limit on the total amount of
337 increases which may be received.

338 20. Any member who has retired shall be made, constituted, appointed
339 and employed by the board as a special consultant on the matters of education,
340 retirement and aging, and upon request shall give written or oral opinions to the
341 board in response to such request. As compensation for such duties, the
342 beneficiary of the retired member, or, if there is no beneficiary, the (1) surviving
343 spouse, (2) surviving children in equal shares, (3) surviving parents in equal

344 shares, or (4) estate of the retired member, in that order of precedence, shall
345 receive as a part of compensation for these duties a death benefit of five thousand
346 dollars.

347 21. Any member who has retired prior to July 1, 1999, and the designated
348 beneficiary of a retired member who was deceased prior to July 1, 1999, shall be
349 made, constituted, appointed and employed by the board as a special consultant
350 on the matters of education, retirement and aging, and upon request shall give
351 written or oral opinions to the board in response to such requests. As
352 compensation for such duties, the person shall have added, pursuant to this
353 subsection, to the monthly annuity as provided by this section a dollar amount
354 equal to five dollars times the member's number of years of creditable service.

355 22. Any member who has retired prior to July 1, 2000, and the designated
356 beneficiary of a deceased retired member shall be made, constituted, appointed
357 and employed by the board as a special consultant on the matters of education,
358 retirement and aging, and upon request shall give written or oral opinions to the
359 board in response to such requests. As compensation for such duties, the person
360 shall receive a payment equivalent to three and five-tenths percent of the
361 previous month's benefit, which shall be added to the member or beneficiary's
362 monthly annuity and which shall not be subject to the provisions of subsections
363 12 and 13 of this section for the purposes of the limit on the total amount of
364 increases which may be received.

365 23. Any member who has retired prior to July 1, 2001, and the designated
366 beneficiary of a deceased retired member shall be made, constituted, appointed
367 and employed by the board as a special consultant on the matters of education,
368 retirement and aging, and upon request shall give written or oral opinions to the
369 board in response to such requests. As compensation for such duties, the person
370 shall receive a dollar amount equal to three dollars times the member's number
371 of years of creditable service, which shall be added to the member's or
372 beneficiary's monthly annuity and which shall not be subject to the provisions of
373 subsections 12 and 13 of this section for the purposes of the limit on the total
374 amount of increases which may be received.

375 **24. Notwithstanding the provisions of subsection 12 of this**
376 **section, any member who has retired and attained the age of seventy**
377 **or greater on or after the effective date of this act, shall be made,**
378 **constituted, appointed, and employed by the board as a special**
379 **consultant on the matters of education, retirement, and aging, and upon**

380 request shall give written or oral opinions to the board in response to
381 such requests. As compensation for such duties, the person shall
382 receive, pursuant to this subsection, in addition to any other retirement
383 allowance, an increase not to exceed five percent per year and not to
384 exceed ninety percent of the retirement allowance established at
385 retirement.

386 25. Any member who has retired and attained the age of seventy
387 or greater on or after the effective date of this act, shall be made,
388 constituted, appointed, and employed by the board as a special
389 consultant on the matters of education, retirement, and aging, and upon
390 request shall give written or oral opinions to the board in response to
391 such requests. As compensation for such duties, the person shall have
392 added, pursuant to this subsection, to the monthly annuity as provided
393 by this section a dollar amount equal to ten dollars times the member's
394 number of years of creditable service.

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